it is found that our China clay is amongst the finest in the world, Fortunately we have about 75 to 80 square miles of China clay enough to last on a highly industrial scale to something like 80 to 100 years of production. We are practically able now and until after the war to dictate our own terms as to the price of this China clay which is needed for paper production, for sizing in the textile mills and so forth. As it is, today we have entered into certain contracts which are no doubt profitable, but we are expecting to make double or treble the profit as soon as the war ceases. But apart from that Government are not very anxious to start production of high grade porcelain in connection with the factory immediately. A time will come when we may be able to produce high grade porcelain but at present it is a speciality of England, Czecko-slovakia, Poland, China, Japan and certain portions of the United States. Immediately after the war the competition of those countries which have somehow to make both ends meet, will have to be encountered by us, and rather than going into competition for high grade ware, we came to the conclusion that we shall make what we can out of the sale of China clay and also supply the needs of the State and Southern India in ordinary and what may be called medium grade plates, spoons, cups and so forth. And I may say that we have for the first two or three years been conducting this as purely demonstrational. During the war we have made about Rs. 2 or 3 lakhs of profit—we have spent about Rs. 10 lakhs on that factory but we have made a profit of about Rs. 2 or 3 lakhs. In the course of the next year or two, we shall make a profit of Rs. 2 lakhs but after the war we hope to be able, proceeding on those lines to see that this is at least as profitable as the Rubber Factory.

The question that Government be granted a sum of Rs. 5,62,344 under Demand XXII—Clay Refining and Porcelain Factory, was put and carried.

The grant was made.

DEMAND XXIII.—CO-OPERATIVE DEPARTMENT.

Mr. K. Madhava Kurup: Sir, I beg to move for a grant of Rs. 1,27,328 under Demand XXIII—Co-operative Department.

Mr. N. Narayana Kurup: Since it is 5-30 P. M. the House may now be adjourned.

President: According to the rules, the meetings are to be ordinarily held, till 4-30 P. M. After the change of standard time, it came to 5 30 P. M. On the last day of the budget debate, the rules say that the demands shall be put at 5 P. M., *i. e*, at 6 P. M. according to the present standard time. So, we have half an hour more.

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Mr. N. Narayana Kurup: Sir, I move that the Medical and Ayurveda demands be taken up now and every member allowed to speak only for three minutes.

Mr. K. G. Kunjukrishna Pillai: Sir, the demand for the Co-operative Department has already been moved. This motion cannot be made now.

President: If it is not a unanimous motion. I cannot allow it.

Mr. K. A. Raman Pillai: Sir, I support the demand. I am one of those who rejoice over the rehabilitation of the co-operative movement, because it is a movement which is calculated to improve the lot of the poor people. It is a movement for improving the lot of the small landholders and the poor artisans. After the movement was started there was a steady rise in the establishment of credit societies. But very few non-credit societies came into existence in the early days of the movement. There was a set back for the movement in the days of economic depression due to paucity of fluid resources and also due to the fact that capital was locked up. The agriculturists who borrowed money from the societies were not able to repay the loans even in instalments. The opponents of the movement were decrying it from housetops. Those were the dark days of the co operative movement.

President: The honourable member thinks that the bright days have come now?

Mr. K. A. Raman Pillai: That is what I think, Sir. I wish to mention another fact also. In those days, there was want of sympathy between the department and the societies manned as they were by non-officials.

President: All that I want to say is that in regard to industrial matters people have not come forward with any scheme of co-operative enterprise. The honourable member will proceed.

Mr. K. A. Raman Pillai: Some of the non-official members waited on deputation on the Dewan and represented the true state of affairs.

President: A week ago a proposal was put forward to me.

Mr. K. A. Raman Pillai: You, Sir, bestowed thought on the matter and an advisory committee was appointed by Government to go into the whole question and submit a report. That report was submitted and the Government have accepted the report with certain modifications and passed orders for the rehabilitation of the movement. Sir, you have infused life into the moribund body of the co-operation. The rehabilitation is now going on.

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Now the societies are bristling with enthusiasm. A number of non-credit societies have come into being. They have taken up the task of distribution of foodstuffs and other rationed articles. They have engaged themselves with the "Grow More Food Campaign" and their attention is also drawn to industrial, commercial and other aspects of life.

With regard to this, I want to point out two or three matters. It goes to the credit of the Co-operative Department, that without incurring any additional expenditure, they are able to supervise the work of distribution of rationed articles.

The societies were in the habit of issuing loans on the security of immovable property, till recently. The societies, I understand, have now discontinued that practice. If such loans are not issued, I am afraid that the societies will no longer be of any help to the small agriculturists who are in need of money. The only security that the agriculturist is able to furnish is his immovable property.

President: What about the Credit Bank? Was not the Credit Bank brought into existence for this very purpose? It was found that Government departments which had many other items of work to attend to could not satisfactorily attend to this question of issuing loans. The sole object with which the Credit Bank was brought into existence was to issue loans on the security of immovable property.

Mr. K. A. Raman Pillai: The Credit Bank will not be of much help in the matter of issuing small loans. Supposing an agriculturist wants Rs. 50, or 100, or 200 from the Credit Bank, he will have to go through so many formalities and it will take a long time and it will be more expensive. It will be all right in the case of a man who wants to borrow a large sum and he can afford to wait. But the small agriculturist will find it a source of great hardship to wait for such a long time. But there is one difficulty in granting these loans on the security of immovable property, that is, when litigation becomes necessary, there will be delay in getting a decree and realising the amount. The delay happens when subsequent encumbrancers appear on the scene and recourse to Civil Courts becomes necessary. These subsequent encumbrancers will not be members of the society. The Registrar can take up arbitration proceedings only against members. To obviate that difficulty the definition of the term "member" may be extended to include subsequent encumbrancer also and necessary amendment in the Act be made.

Another matter to which I wish to draw the attention of Government is about the delay in realising the amounts in execution through Civil Courts. The delay is occasioned mainly by the

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fact that when office-bearers of society go out of office the necessity of impleading the new office-bearers arises. It cannot but be admitted that a co-operative society is a corporation. The corporation is there; only the office-bearers go out of office. The necessary amendment may be made in the rules. That is to say, a certificate from the Registrar to the effect that such and such a person is elected as president or secretary may be filed and the same may be accepted as sufficient evidence for impleading and the impleading may then be done as a matter of course without notice to defendants or counter-petitioners as the case may be.

The Co-operative movement has a very bright future. My only regret is that it is not taking up work in various other fields also. I am sorry that co-operative societies are not formed for the purpose of supplying milk in places like Trivandrum. There is ample scope for forming co-operative societies in the Trivandrum City and other important towns for the supply of milk.

Now the Co-operative Department is tacked on to the departments of Registration and Joint Stock Companies. The present Registrar has done good work for the cause of the co-operative movement. It may be said that he is able to do full justice to all the works entrusted to him, because of his energy, enthusiasm and sense of duty. But the point that I wish to emphasise is that there will come a time when it will not be possible for one officer however able he is to attend to all these works. There will come a time when a full-time Registrar will be found necessary and I hope the Government will not hesitate to appoint a full-time Registrar when the time comes.

Mr. K. Madhava Kurup: When putting to the vote of the House the Demand for Industries, you, Sir, pointed out that through Co-operative Societies alone can the salvation of cottage industries be attained. Its possibilities for developing agriculture are almost unlimited. My complaint is not about the critics of co-operation or its avowed enemies like the vested interests, the petty trader and the usurious money lender. The movement has suffered more through the apathy and the indifference of the people. Immediately after I had moved for the Budget grant and one honourable member who can speak with experience on the subject rose to speak, another honourable member proposed that the House might pass on to other Demands lower down in the list, the Medical and Ayurveda. That, Sir, is symptomatic of the attitude of the people and is indicative of the ignorance of the potentialities of the Co-operative Movement. A dispensary or Vaidyasala in Kuttanad may be desirable; but the member has no time to waste on the

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latent possibilities of co-operation which impinges on all aspects of life and can better the lot of people in a variety of ways.

President : It indicated the greater desire of the members to discuss the Medical and Ayurveda Departments and not an ignoring of your own Department.

Mr. K. Madhava Kurup : In fact my complaint is that neither the House nor the public are sufficiently interested in the movement. The Co-operative movement was introduced in the State less than three decades ago. It has had its vicissitudes and its set-backs. It cannot be otherwise in a movement so intimately bound up with the economic condition of the individual whose solvency, stability and resilience have, in the course of a single generation been shocked by two world wars. There is, apart from the indifference I referred to, also in several quarters a tendency to disparage the movement ; and it will be useful for their education to mention a few figures. The achievements of the Department have not been reviewed comprehensively ; there has been no stock-taking ; and in order to estimate its contribution to the economic progress of the country, its achievements have to be viewed *tout ensemble* to use a French expression. With your permission and the indulgence of the House I propose to refer to a few salient features.

The final figures for 1119 are not yet available ; but I anticipate they would record a tremendous improvement compared with 1118 in a variety of matters, as there was a remarkable revival of faith in the movement and a growing realisation of its possibilities. In 1117, only 19 societies were registered. In 1118, the number of new societies registered was 77, of which 44 were for purchase and sale. In 1119, as many as 152 new societies were registered and of these the large majority were for non-credit work.

It will be useful to take stock of what has been done by the Department in the course of one generation. At the end of 1118, there were 1473 working societies with an aggregate membership of 1,81,408. There were thus on an average, three societies per *pakuthy* and for every 4,114 of the population. The Census Commissioner estimates that a family is composed af 5·53 persons ; and on that basis, as many as 10,02,186 persons in the State or 16·3 per cent. of the population have come within the ambit of the movement. The percentage is really much higher in as much as persons below 18 years of age cannot become members of Co-operative societies. The actual paid-up share capital of these societies mounted to Rs. 28·83 lakhs at the end of 1118, a marvellous result when it is remembered how and by whom these shares have

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been subscribed. The societies do not advertise their shares; they issue no prospectus; they are too poor to publish full-page advertisements; there are no underwriters and no underwriting commission and there is no canvassing. In fact there is not anything like advertisement and propaganda. Not a single cash has been subscribed by capitalists from outside the State; in fact the share capital represents the hard-earned savings of the poor agriculturist, the low-paid Government servant, the needy artisan and others of that category, the unsophisticated villager who believes in co-operation, and seeks in it a means of bettering his economic condition. The working capital at the end of 1118 was Rs. 69·83 lakhs and I would not be surprised if it was more than one crore at the end of 1119. During the last 28 years, the societies issued in all as many as 6,92,689 loans to the tune of Rs. 3,39,36,264; they earned a profit of about Rs. 50 lakhs and have been able to accumulate a reserve fund of Rs. 11,16,622 of which Rs. 7,81 529 or more than 66 per cent., is invested outside the business of the concerned society.

There has, as a result of the conditions brought about by the war, been an appreciable accession of purely non-credit societies, and the affiliation of a non-credit side to credit institutions by their transformation into consumers' societies has been going on at a rapid pace. Of about 1600 societies working at the end of 1119, as many as 822 societies are engaged as licensees for the wholesale or retail distribution of controlled foodgrains, sugar and kerosene oil, thanks mainly to the confidence and encouragement afforded by your generously exempting them from the security deposit and thereby raising them from the rank of petty traders. The work was undertaken as a public service and not for profits making. Out of the total of nine lakhs of ration cards issued in the State, the societies have been entrusted—entrusted not by promises of credit sales and other blandishments—by the consumers with 1,34,775 cards or more than one-eighth of the total number issued; and they distribute 10,19,327 units a week. One society in this City issues sugar on 19000 cards and handles 1000 bags of sugar a month, thanks to the uniform support of the Sugar Controller and the unremitting kindness of Government; 596 societies in the mofussil handle more than 2000 bags of sugar and about 500 societies sell 3000 tins of kerosene oil in retail a month. Societies are thus trying to spread sweetness and light into many homes, if one might adopt that classic phrase of Mathew Arnold. There are various other non-credit activities in which societies are engaged, but much headway has to be made and the results may not be so spectacular. There may have been lapses in the case of individual

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societies. That on the whole they have done this work well will be manifest when I add that of these only 5 licenses—5 out of 822—have been cancelled, 3 by one Tahsildar and one each by two others. It will be interesting to learn the percentage of traders' licenses cancelled. The financing of this huge business has been rendered possible by deposits from members, better collection of dues, curtailment of loan issues and generous help by the Central Bank which has advanced substantial overdrafts and loans for this work.

The Central Co-operative Bank, after a chequered career under non official Chairmen, passed under the control of the Registrar at the beginning of 1119 as a Rehabilitation measure. And in the course of less than one year, I may claim that some progress has been made. 126 societies have been newly enrolled as members and 148 individual members have been eliminated, on their application, by the refund of shares in order to approximate to the ideal of a financing apex bank. The Bank has been able to repay Rs 2·75 lakhs outstanding in the loan advanced by Government, and also to invest Rs. 1 lakh in the three-crore loan floated by Government. Its turnover in 1119 was Rs. 59,57,286 which is 600 per cent. of what it was in 1118, *viz.*, Rs. 9,51,585. The losses of previous years have been completely wiped off and for the first time after ten consecutive years, a dividend is to be declared after setting apart the statutory reserve fund and after making ample provision for reserves for bad debts, dividend equalisation etc.

There are two aspects which deserve to be stressed to the credit of the movement today. The total of the outside loans, loans due by Societies to Government, is only Rs. 6,142 and these are two special loans advanced directly by Government to two societies. Another is the fact that this vast net work of Consumers' Co-operative Societies has been working satisfactorily without a special departmental staff to control them. Elsewhere Government have, as in Bihar, advanced considerable loans, refundable and not refundable, for the growth and rehabilitation of the Co-operative movement and for stocking controlled articles. They have also as in Madras, appointed a heirarchy of officials to organise and supervise sales by Co-operative Societies.

That, Sir, is a record of which the Department has no reason to be ashamed. We are on the threshold of mighty happenings in economic planning and reconstruction. Whether at Hot Springs in regard to food, at Bretton Wood in regard to money or at Dumbarton Oaks in regard to security, the aim of the various Conferences between representatives of nations is to substitute co-operation instead of competition for the solution of world problems.

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As in the international sphere, so in the domestic sphere, in internal economy of the State, Co-operation is destined in the future to play a prominent part. It is likely to secure a more definite place in reconstruction. The movement has immense potentialities in the State. Its scope for improving agriculture and developing cottage industries is unlimited. Improvement of the standards of living of the masses and the augmentation of the income of the farmer and the artisan can best be attained through Co-operative organisations particularly in a country economically stratified as Travancore. The business experience gained and the spirit of selfless public service promoted in the working of the Consumers' Societies is an invaluable asset and the gains of the wartime efforts will be a spring board for further endeavours. But if disaster that overtook the movement after the last war should not be repeated, a much larger number of the natural leaders of the people, as their representatives in this House are, should join the movement with an enthusiasm for bettering the economic condition of the common man and a faith in the fundamental principles of the movement. I would therefore appeal to the members of this House and through them to the public outside to join the movement in larger numbers and enable the Department to achieve what it can.

The question that Government be granted a sum of Rs. 1,27,328 under Demand XXIII—Co-operative Department—was put and carried.

The demand was passed and the grant was made.

DEMAND XXIV—UPLIFT OF BACKWARD COMMUNITIES.

Mr. R. Vasudeva Puduval: Sir, I move for a grant of Rs. 86,269 under Demand XXIV—Uplift of Backward Communities.

The question that Government be granted a sum of Rs. 86,269 under Demand XXIV—Uplift of Backward Communities—was put and carried.

The Demand was passed and the grant was made.

NEW MEMBER.

Mr. S. John (*Surgeon General*) took the oath and signed the Rolls.

DEMAND XXV—MEDICAL.

Mr. S. John: Sir, I move for a grant of Rs. 17,63,383 under Demand XXV—Medical.

Mr. M. Govindan: Sir, I support the Demand.

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